



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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July 13, 2001

Tony J. Rudman
General Counsel
Magnesium Corporation of America
238 North 2200 West
Salt Lake City, Utah 84116-2921

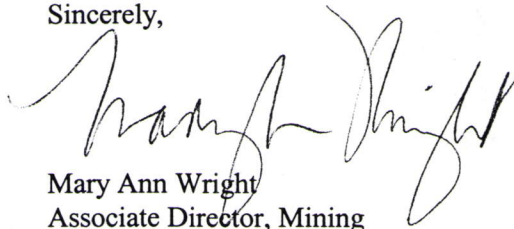
Re: Review of Reclamation Bond, MagCorp, Knolls Solar Ponds, M/045/022, Tooele County, Utah

Dear Mr. Rudman:

Thanks to you and to Tom Tripp for coming into our offices on July 9, 2001, to continue discussions on the reclamation bond estimate for the Knolls project area. We appreciate the efforts you and Tom have made in scrutinizing these numbers. Attached is a copy of a file memo summarizing our understanding of the issues discussed during the meeting.

At our meeting conclusion, you indicated that you would be meeting with corporate management on July 11th to discuss the increased bonding matter. Further, you would provide a reply within a few days concerning the company's decision on complying with this requirement. We ask that we receive your response by July 25, 2001. Please contact me at (801) 538-5306, or Wayne Hedberg at 538-5286, if you have questions or concerns in this matter.

Sincerely,



Mary Ann Wright
Associate Director, Mining

jb

Attachment: 7/9/01 meeting memo

cc: Lee R. Brown, MagCorp
Lowell Braxton, OGM
Wayne Hedberg, OGM

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